



**The Corporation of the Municipality of Wawa
Staff Report**

Director of Community Services and Tourism

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| Prepared For: Committee of the Whole | Report No.: AP 2022-08 |
| Agenda Date: December 13, 2022 | File No.: C11 |

Subject

This report informs Council on MMCC canteen operations over the past several years and provides options and recommendations for providing food services at the MMCC for the 2023 winter season.

Summary of the Recommendation

THAT Council directs staff to issue a request for proposals to the public to operate the MMCC Canteen for the remainder of the 2023 winter season (January to March 2023);

THAT Council further direct staff to investigate other cost-effective options for the provision of refreshments and snacks at the MMCC;


THAT Council directs staff to encourage and provide opportunities for the non-profit and volunteer sector to sell food stuff at the MMCC, especially during large tournaments and community events;

AND THAT Council confirms that as a cost saving measure to ensure the long-term viability and sustainability of the MMCC, that the Canteen will not be operated by municipal staff for the remainder of the 2023 winter season (January to March 2023).

Summary of the Issue

This report details some of the background to canteen operations and financial costs over the past decade. The report provides historical background, options and recommendations to Council, so it may make an informed decision about food services at the MMCC for the January to March 2023 winter season and respond to some residents' concerns about the lack of food snacks and drinks available at the facility.

The MMCC canteen has not opened since 2020, partially because of the COVID-19 Pandemic, but mainly as a cost saving method to reduce operational costs at the MMCC. Arena revenues have steadily declined over the past ten years, and the number of user groups and residents using the facility decreased while at the same time, operational costs increased substantially. The MMCC canteen has operated at a deficit over the past ten years and taxpayers have subsidized the cost of food and drinks sold at the canteen.

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| Respectfully Submitted By:  | Prepared By: Alex Patterson, Director, Community Services and Tourism |
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With the direction to keep property tax increases at or below inflation during the last term of Council, particularly in the 2022 budget year as the Municipality recovered from the devastating impacts of COVID which substantially reduced arena revenues, various cost saving measures were implemented to maintain a reasonable tax and user fee increase. One of the low impact measures approved by Council in the 2022 budget was the closure of the canteen.

Background

Canteen Operation 2012 - 2017

In the years 2012-17, the canteen was operated on a limited basis, serving the MMCC during public skates (2x weekly) and for specific events (games and tournaments). The canteen was typically staffed with 2-3 students on a rotating basis, and occasional adult support when larger events occurred. Canteen staff offered a smaller number of items for sale that varied year-to-year as staff tried different options based on community requests and staff evaluation. Canteen staff also collected payment for public skating.

During this time, the canteen ran at an average deficit of approx. \$4,000, not including all expenses such as staff time and utility costs. This is discussed further in the Financials section of this Report.

Canteen Operation 2017-20

In the years of 2017-19, staff completed a major overhaul of canteen operations to provide improved service to the community. Staff worked with Algoma Public Health to offer healthier choices, and significantly expanded the menu of the canteen to add profitability and better services. Some snack foods and drinks were made available at the Pro-Shop which was opened during some evening hours services.

This resulted in higher food costs, and specifically higher spoilage when working with fresh and healthier options. There was also additional staff time attributed to the canteen expense. During this time, the canteen ran at an average deficit of approx. \$10,000, not including all costs of operation (e.g. staff, maintenance and hydro).

Canteen Shutdown (COVID) 2020-22

During the Pandemic, the canteen was only open for short periods of time, closing completely at the start of 2022. Even though it was mainly closed, the canteen operations lost money.

Current Situation

For the 2022-23 season, the MMCC canteen was not budgeted for. The Director approached user groups and asked if there were any groups who would be interested in operating the canteen but none of the user groups indicated it had the resources to become involved.

The Director made the decision to open the banquet room and bar service Friday evenings and at specific times to serve a limited assortment of refreshments and food snacks. This bar service is restricted to evenings and is only open for large regional events during some morning and early afternoon games. At this time, it is not known if the service is profitable and it is being monitored.

As a trial this season, and for larger events such as multi-team tournaments, staff plan to open the kitchen to provide additional food services. The most recent example of this is the 2022 Tournament of Champions U13 hosted at the MMCC where the kitchen opened for the three days of the tournament with food and drinks alongside the bar. Again, staff is pursuing and trying innovative and new ways to meet user expectations while recovering operational costs.

Financial/Staffing Implications

Historical Financial Data

| ACCOUNT DESCRIPTION | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Canteen - Product Sales | (29,937) | (32,380) | (32,315) | (25,470) | (29,490) | (21,094) | (17,300) | (16,862) | (14,376) | (13,877) | (15,289) | (15,409) | (16,182) | (9,094.00) |
| Total Expenses | (29,937) | (32,380) | (32,315) | (25,470) | (29,490) | (21,094) | (17,300) | (16,862) | (14,376) | (13,877) | (15,289) | (15,409) | (16,182) | (9,094.00) |
| Canteen - Dist Wages - Non-Regular | 11,627 | 13,656 | 14,146 | 14,421 | 14,210 | 7,849 | 6,481 | 5,382 | 5,706 | 6,666 | 11,302 | 12,995 | 13,111 | 6,418.00 |
| Canteen - Materials / Supplies | 308 | 220 | 59 | 174 | 647 | 408 | 13 | 121 | 309 | 426 | 7 | - | 7 | - |
| Canteen - Cash Over / Under | 0 | 0 | 0 | 0 | - | 2 | (28) | 28 | (57) | 395 | (6) | (110) | (43) | (30.00) |
| Canteen - Maintenance & Repair | 43 | 250 | 1,555 | 1,425 | 1,145 | 750 | 1,024 | 1,357 | 2,284 | 156 | 2,543 | 1,635 | - | - |
| Canteen - Resale Other | 19,129 | 19,526 | 23,275 | 19,073 | 25,183 | 17,879 | 11,595 | 12,407 | 12,846 | 9,867 | 12,401 | 12,113 | 10,900 | 8,139.00 |
| Total Expenses | 31,107 | 33,652 | 39,035 | 35,093 | 41,185 | 26,888 | 19,085 | 19,295 | 21,088 | 17,510 | 26,247 | 26,633 | 23,975 | 14,527.00 |
| MMCC - CONCESSION Surplus/Deficit | 1,170 | 1,272 | 6,720 | 9,623 | 11,695 | 5,794 | 1,785 | 2,433 | 6,712 | 3,633 | 10,958 | 11,224 | 7,793 | 5,433 |

Notes on the budget figures above:

The actual budget figures are not inclusive of all costs to operate the canteen. Not include are annual maintenance costs of about \$2,500 (budgeted) or nay staff time, including the Director's time, to oversee and monitor the canteen staff and operations, or the Treasury staff time who must monitor and deposit cash sales. This is estimated at 5 hours per week or an annual cost of \$7,500 per season. Also, not included are any additional electricity costs to run stoves, fryers and lights at the canteen or past and future capital costs related to equipment replacement.

- 2007 - 2015: Canteen operations during public skate and special events, additional activities unknown by current staff

- 2015 - 2016: Canteen operations during public skate and special events, no additional activities
- 2017 - 2019: Canteen operations 6-7 days per week, expanded menu
- 2020 - 2022: Canteen affected by pandemic, 2020 spoilage and 2021-22 no operating budget and canteen closed.

Ten-year financial data demonstrates that, despite repeated efforts to operate the Canteen in different ways, the canteen operates at a deficit every year. Some factors that contribute to this are: turnover of students, higher minimum order requirements for some products, and low usage during smaller events.

Policies Affecting Proposal

None.

Options

Option 1: Status Quo – Do not open canteen and do nothing in 2023

The canteen would remain closed and no monies budgeted. There would be no impact on the 2023 budget. - **Not Recommended.**

Option 2: Open the Canteen (January – March 2023)

Council could budget monies to reopen canteen operations in January for large hockey tournaments and regional events only. A budget of about \$10,000 in losses would have to be included in the 2023 budget translating to about an estimated 0.2% increase in property taxes in 2023. – **Not Recommended.**

Option 3: Offer canteen operations to other group/business to operate through RFP and offer food services at bar and kitchen when possible.

This option would see the Municipality create and advertise an RFP for the operations of the canteen, to rent the facility for a nominal amount to a local person to operate the facility. Staff would also investigate vending machines as an option should no operator come forward. The Municipality would continue to work with user groups and internal staff to provide food service during large events such as tournaments out of the Kitchen and food snacks at the Bar. - **Recommended.**

Conclusion

The adoption of these recommendations will allow Municipal staff to provide food service options for major events where a clear demand exists, and the service can be profitable, while also working towards a new source of revenue generation through the receipt of rental proposals from the community.

Staff will review the financial sustainability and costs of providing some food services at the end of March and report to Council on further recommendations regarding canteen operations in the 2023/24 winter season.